

Creating Value For the Indian VSF Industry Through Ingredient Branding

**Grasim Industries Ltd.
Birla Cellulose**

**Mumbai
16th September 2016**

Looking back at the last 10 years (2002-2012):

In India:

- ❑ The Textile Industry grew by a CAGR of 8-9% in value terms.
- ❑ Total fibre consumption grew by a CAGR of 5% in volume terms.
- ❑ However VSF consumption grew by a negligible < 1%.
- ❑ VSF share of consumption in the overall Fibre basket was a mere 3%
- ❑ Exports of VSF based garments were stagnant as India was not a preferred source for MMF based garments.

While Globally:

- ❑ VSF growth during this period was at a CAGR of 9%
- ❑ VSF share in fibre basket was at 5% as against 3% in India
- ❑ The world was shifting towards MMF fabrics/garments where as India was still largely dependent on cotton (ratio~ 70:30 MMF Vs Cotton Globally; while 40:60 in favour of Cotton in India)

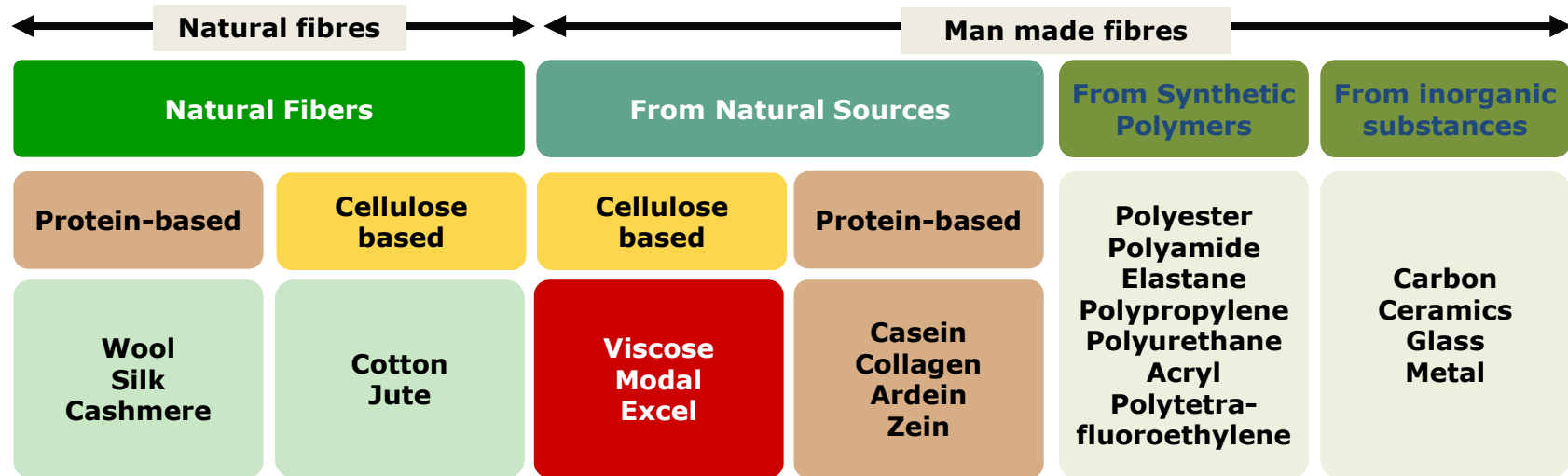
Why:

- ❑ Consumer and value chain not aware about VSF or its benefits while quite aware of Cotton and even Polyester.
- ❑ In fact most thought of it as something synthetic & of poor quality.
- ❑ Value chain not geared to process viscose based fabrics as most investments driven towards Cotton/Polyester
- ❑ VSF was the most expensive fibre in India due to skewed taxation (NIL Excise Duty on Cotton & 12.36% on VSF)
 - ❑ On a landed cost basis, VSF was far more expensive than cotton unlike in the Rest of the World

Though VSF has superior properties and provides a unique value proposition to consumers, distinct from Cotton & Polyester

Viscose is a cellulosic fibre with many unique attributes...
























































Viscose is a cellulosic fibre created from renewable natural resources

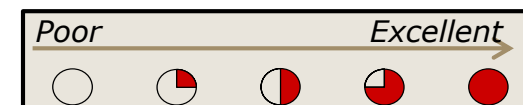


...and is the ideal **NATURAL** Fibre given its superior properties

	COTTON	VISCOSE	POLYESTER
Comfort	<ul style="list-style-type: none"> • Good hand • Good moisture absorption • Soft and Comfortable 	<ul style="list-style-type: none"> • Moisture absorption much higher than that of cotton; cools skin faster • Soft and pleasant to the skin • Lightweight • No unpleasant odours and no skin irritations 	<ul style="list-style-type: none"> • Not so good hand feel • Poor moisture absorption • Not very comfortable specially in summers
Look	<ul style="list-style-type: none"> • Wrinkles easily • Poor drape • Looks 'regular' 	<ul style="list-style-type: none"> • Brilliant Luster • Excellent blending ability with cotton and other fibres • Large range of colours and good drape- first choice of high-fashion brands • Easy to style 	<ul style="list-style-type: none"> • Shiny bright • Wrinkle resistant
Durability	<ul style="list-style-type: none"> • Fades easily • Shrinks on washing • Good wet strength 	<ul style="list-style-type: none"> • Retains freshness even after repeated washes • Good wet strength in Modal & Lyocell 	<ul style="list-style-type: none"> • High Wet Strength

At an overall level, viscose compares very favorably to both cotton and polyester

	COTTON	VISCOSE	MODAL	EXCEL	POLYESTER
Moisture Absorption	 7.5%	 13%	 13%	 13%	 0.4%
Wet/Dry Strength*	 1.14	 0.58	 0.63	 0.84	 1.01
Elongation-at-break	 8%	 19%	 15%	 13%	 15%
Tenacity (gpd)	 2.8	 2.9	 3.8	 4.2	 6.0
Wrinkle-resistant					
Ease of dyeing					
Hand (Surface feel)					
Drape					
Resistance to fading					
Ability to 'Breathe'					
Skin Friendly					



*-Ratio of Wet/Dry Tenacities

VSF Applications

- ✓ Women's Wear (Tops, Bottoms and Innerwear)
- ✓ Childrenswear
- ✓ Trousers & Suiting
- ✓ Uniforms
- ✓ Denim
- ✓ Wipes
- ✓ Feminine Hygiene Products
- ✓ Hospital Linens
- ✓ Home Textiles (Bed linen & Carpets)
- ✓ Furnishings
- ✓ and many more like Sarees

Blend Versatility

Viscose is the most versatile fibre among all the textile fibres. It is not only supplementary and complementary to cotton but also for blending with all other synthetic and natural fibres to produce value added yarns.

Technology Versatility

VSF can be run on all type of technologies like Ring, Open End, Air Jet due to its natural advantages of being soft and clean fibre.

Application Versatility

VSF based yarns have large no. of applications ranging from non woven to knits, apparels, gum tapes, sewing threads, carpets, upholstery and so on so forth.



Other Challenges facing the Indian VSF markets in 2012/13:

1. Excess capacity, specially in China resulting in severe pressure on prices & margins across Global markets.
2. Supply overhang of nearly 30%
3. India was a highly lucrative market for dumping.
4. Additional capacity was being added by most players

So, There was a clear need to do something differently and grow the VSF market in India for both Grasim as well as the Value Chain by creating Demand impulses

Influence the end consumers to create a pull for VSF based garments & to enable the value chain to profitably deliver superior quality products.



Brand LIVA & LAPF
A B2C Brand in the Earshot of Trade

Understanding the Consumer Value Proposition—Preparatory Work(2 Years)

- a. Consumer research & analysis to understand preferences and choices.
- b. The right positioning & value preposition.
- c. Preparing the value chain for partnership.
- d. Creating an internal organization structure to support the strategy.

**CONSUMER
UNDERSTANDING AT THE
HEART OF BRAND
CREATION**



**MORE THAN 400 HIGH
FASHION CONSUMERS
HEARD**

**RIGOROUS RESEARCH PROROCOL
AT EACH STEP**

**ANCHORED *BY A CREDIBLE RESEARCH
AGENCY***

**CONSUMERS GAVE
A BIG THUMBS UP TO LIVA!**

Unraveled a highly evolved consumer who is not just fashion forward or trendsetter , but also a true fashionista who leads an **'unboxed life'** to express the woman she truly is..

I can **be a celebrity** if I dress like one- its accessible

Its fine to **showcase my femininity**..
I am not shy/ coy anymore

It's a race to look good , I will give it the **time , energy and use my money wisely** to select clothes that make me come out tops – edge above the others



Must stand out, must be the first few to wear what's in..
Must know the new store, the new brand, the new model

Want to look westernized as that is a symbol of smartness, intelligence and modernity

Dressing up is my tool to my power- power over men, power and impression in office, power in social circles

Source : Birla Cellulose - Quantum U&A: Mumbai & Delhi

- Viscose fills the market gap with its distinct values that resonated with consumers

- *Its in sync with my body*
- *It drapes my body just right*
- *It makes me look slim*
- *It makes me feel soft & feminine*
- *Its like the fur of a rabbit, a new born baby's skin*
- *It makes me feel like the new age women*
- *Its light, relaxing, comforting, no tension , calming*

*'A sense of flow
combined with
natural softness
& comfort'*



–thus providing us the opportunity of creating a powerful brand promise

Gives a luxurious **soft** touch

Imparts a **fluid drape**

Enhances her **curves**

Makes her look **gracefully sensuous**

Eco Friendly choice in fashion

Source : Lintas BrandTool - Sun Moon Analysis

....AND THE CONSUMER VERDICT ! FLUIDITY AS CONSUMER PROMISE RESONATED THE MOST

Consumer Feedback

High comfort & sensorial value

"It will feel soft and smooth on your body....will give a soothing feeling to the body"
18-23 years, A I + Delhi

Glamour, style & impact creation

"This will give you the confidence to stand out & make an impression...people will ask about it..admire you.."
25- 35 years / A1 / Delhi

Personalized signature style

"it is free falling...you can give any type of styling to it..."
25-35 years, A1 + / HW, Mumbai



(*Quantum Research , fashion forward women (A1+ & A1) , 24- 30 yr old, Mumbai & Delhi)

Core Proposition

Research endorsed core benefit = **Drape**



Led to a very enchanting word that consumer loved



Fluidity



Natural Fluid Fashion

Brand Logo



(Research by: Quantum India , F SEC A 25- 35 ,Mumbai & Delhi

DEFINING LIVA



LIVA stands for the **high quality fabrics** made using natural **cellulosic fibres of Aditya Birla Group**, delivered through **an accredited value chain**



BRAND VISION

To provide consumers the **freedom to move effortlessly**, confidently & naturally through garments that **celebrate natural fluid fashion with LIVA fabrics**

LIVA Accreditation Partner Forum

1. Partners assessed for their ability to deliver on Liva promise
2. Liva norms defined and shared
 1. Liva percentage in yarn/ fabric/ garment defined to qualify
 2. Quality norms
3. Ensures capacity readiness, Liva usage and consistent flow-through volumes, linking different parts of the fragmented garment supply chain
4. Periodic audits to ensure adherence to norms

Creating marks of identity



Certificate



Integration in
visiting cards

Delivering the program

Liva branding on partner output



As per the visibility & traceability norms defined, allowing partners to brand their products with Liva

Partnering with Value chain to propagate Liva philosophy at industry events



Ref Image

Expectations from partners defined

Engagement Plan with set of partners, creating a community

Partners already on On-board LAPF- MOUs signed with service, quality and systems agreements .As of now 129 Fabricators and 92 processors and 35 spinners are on-board

DELIVERING THE STRATEGY – 4 STRATEGIC PILLARS TO INFLUENCE CONSUMER & TRADE AT FUNDAMENTAL LEVELS

Our Brand

- Making an aspirational Brand & mass market follows the trend
- Co-market the brand as widely and deeply including distribution

1

Brand & Communication Development

- To make our brand and its promise the most aspirational fashion. So that consumers want to buy/ experience it

2

Marketing in Retail & Distribution

- To ensure availability / presence in relevant retail channels with
 - Higher visibility with premium brands
 - Selective visibility with mastige brands
 - Radiating by creating pull with wholesalers

3

Accredited Supply Chain

- To build capability & ensure consistent delivery of quality fabrics and working closely in creating accredited partnerships in the entire value chain

4

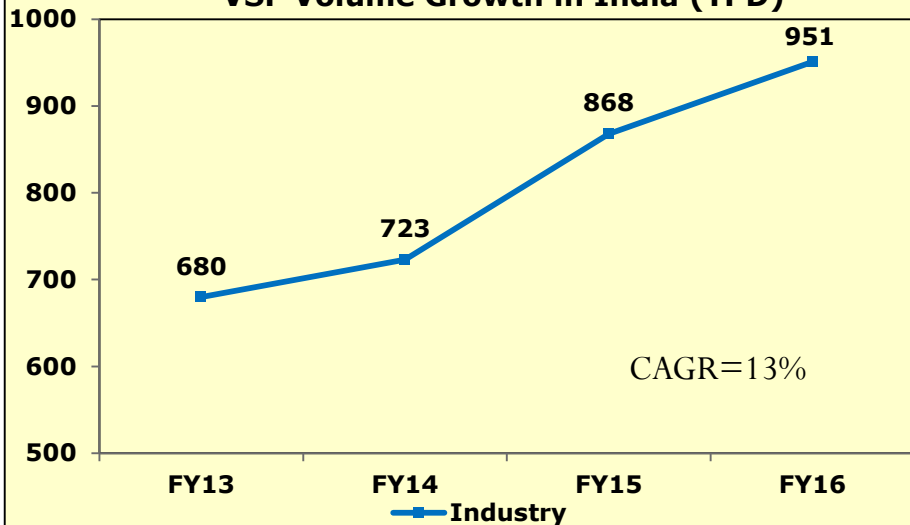
Design & Innovation

- Constantly innovate to showcase possibilities with viscose and variants to value chain and front end brands
- Holistic engagement with designers to create fashion credibility

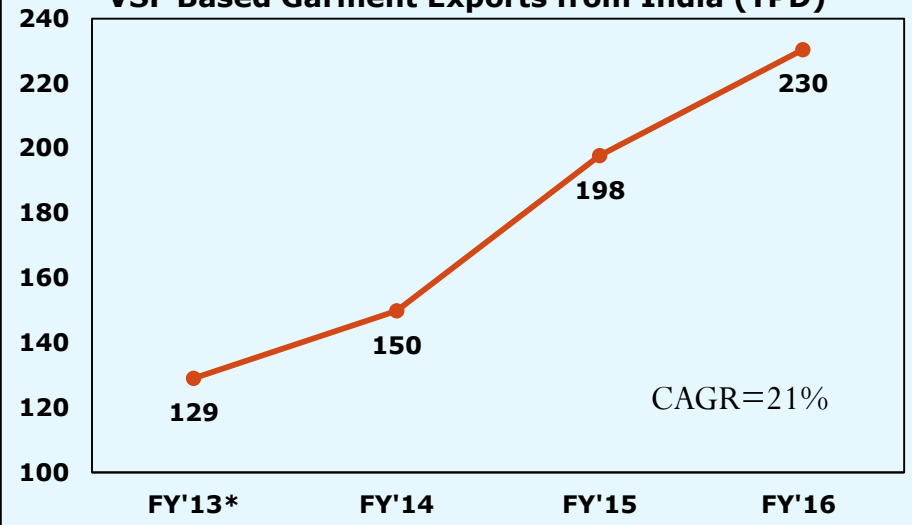
Formal Launch on 27th March, 2015



VSF Volume Growth in India (TPD)



VSF Based Garment Exports from India (TPD)



	Achieved			Target	
	SS15	AW15	SS16	AW16	SS17
No. of Brand Partners	12	16	24	24	32
No of LIVA Tagged Garments (lacs)	18.40	20.57	69.83	60.0	100(Estimate)
No of Stores	1308	1458	1819	1939	2350

Some Major Brand Partners

Van Heusen (WW)	Crimsoune Club	Park Avenue Women
Allen Solly (WW)	Shopperstop	Lifestyle retail
Global Desi	Max	Reliance Retail
109F	ITC	Future Group (FBB)
Fusion Beats	Biba	Unlimited (Megamart)
Pantaloon (WW)	Aurelia	Madame
People (ABN)	Imara	Soch

- Strengthen the Brand awareness, Category comprehension and "call for action" amongst current TG
- Brand Extension for Value Added Products like Modal, Spunshades
- Brand extension to other segments like Men's Wear and Home Textiles
- Strengthen and deepen the LAPF program to cover all of Grasim's fibre processing
- Take the brand Global at the right time

Thank You